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Session 5.1.1 – Sustainable Local Financing

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REWORKED NOTES

Conclusions by the Chair, Mr. Gérard PAYEN

1. At a time of financial and economic crisis, it is even more important to remove unrealistic constraints and to adopt a realistic approach to financing. The new concept of the 3Ts (Tariffs – Taxes – external Transfers) and Sustainable Cost Recovery help to understand Water Economics better and make appropriate decisions.
2. Since the Camdessus report in 2003, significant progress was made in improving the WSS sector financing. Several countries developed mechanisms that help local utilities to get access to finance, several water utilities improved so dramatically their performance that they became creditworthy, donors increased ODA for water and developed sub-sovereign lending. However, the needs are still enormous, more funding should be mobilized
3. Two crucial bottlenecks:
 - Organisation of tariffs and public subsidies that are the basis of water economics. To double cash, we don't need double tariffs! We need to secure revenues from users and taxes better. Investments can double while being financed by loans that are repaid over the years.
 - Gap between the financial offer and financial needs of local utilities: these gaps still resist. Many utilities would like to borrow, but lenders in some cases are not in a position to respond positively to requests!